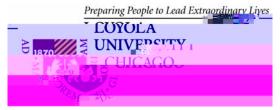
Management Discussion of the FY 2005 Increase in Net Assets University Academic

2005, the year to date returns from the endment were a positive **0.6** Cosulting in a **\$4** million increase of net assets reported as nonoperating and temporarily restricted. A summary of howhe **\$6** million of opera ting income in FY 2005 as earned and Fact

	 	Βι	<u>udget</u>	
Gifts recorded in Operations (not relied on for operating budget)	\$ 8.4	\$	-	
Excess over depreciation expense for capital projects	2.7		5.0	
Lakeside favorable spending variances	6.1		-	
Water Tower rental income	3.8		3.0	
Residence Life results of operations	3.1		1.3	
SSOM operations in excess of budget	2.4			
Total FY 2005 Operating Results	\$ 26.5	\$	9.3	
Reinvestment of the FY 2005 Operating Results:				
SSOM Capital Asset Reserve, including gifts	\$ 7.9			
Lakeside Capital Asset Reserve	3.9			
Resident Life Capital Asset Reserve	3 T32.\$266 0 TD0.0353 Tc0 Tw()-6			

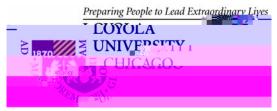


Management Discussion of the FY 2005 Increase in Net Assets University Academic

Refer to Audit Report on http://www.luc.edu/finance/FinSt.shtml

outlook has been revised to 'stable' from 'negative.' Standard & Poor's rating is consistent with Moody's rating of A3 stable. The ratings reflect:

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Management Discussion of the FY 2005 Increase in Net Assets University Academic

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